G. R. S. IX-5]

Previous references. 1897-98

191 .

(Banking)

Later references.

File No. 26 of 1897-98

Serial Nos. 1—4

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1—4

Part B for

SUBJECT.

Remuneration to Agents of Agricultural Banks.

Comm Letter

W D 88—GPB—50,000—24-7-16

About the Remuneration to Agents of Agricultural Banks for &c.

Serial Number	Letter		From whom	To whom
	No.	Date		
1	78	4.9.97	Inspector, A Banks	Secretary.
2	Dewan's address for 1897 -			—
3	121	23.10.97	Inspector, A Banks.	Secretary.
4	4174 / 7C414	11.11.97	Secretary -	Inspector.
5	6449 69 / 7C 615	17.1.98	Secretary.	Inspector —

239

Gen. 30]

REVENUE DEPARTMENT
7 SEP 97
1894
OFFICE

From The Inspector of Agricultural Banks in Mysore.

LC 1

To

The Secretary to the Govt. of Mysore,
General and Revenue Depts

Dated 4th September 1897

Despatched 5th " "

Received

General No. 78
No.

Enclosure No. 1.

In reply to

SUBJECT.

Submitting a Memo on the Memorandum and articles of Association of the Agricultural Banks for orders.

References (to be entered only in the Dewan's Office).

Rec'd 7-9-97

Secretary

Submitted for orders.

8/9/97

Sealed 8/9/97

Submitted to Dewan

All but No 1 and 2. As the suggestions herein made seem to be good it may be sanctioned

9-9-97

Sd. remarks

1/.

4 1/ 13/12/97

Draft accepted

6/12/97

7

Drafted 14/12.

(1)

Office of the Inspector of Agricultural Banks in Mysore

No 78
Enq

Bangalore Dated 4th September 1897

From

The Inspector of Agricultural Banks in Mysore

To —

The Secretary to the Government of Mysore General and Revenue Departments.

Sir,

I have the honor to forward a Memo on the Memorandum and Articles of Association of the Agricultural Banks for orders.

I have the honor to be,

Sir,

Your Most Obedient Servant,

Inspector of Agricultural Banks in Mysore

(10) Memo.

GOVERNMENT OF MYSORE

Under Section 76 of the Companies Regulation of 1895, the Agricultural Banks have power by passing a special resolution in the General Assembly to "alter" all or any of the regulations contained in the Articles of Association. Taking advantage of this provision of the Regulation, some of the Banks have been passing resolutions inconsistant with the Articles of Association.

In spite of the Articles of

of Association, it is
ruled that no member
shall receive any remune-
-ration for his services
in connection with
the Bank but the
Members of the
Agricultural Bank
at Hungenally decided
to remunerate the
Agent by a lump
sum payment of
Rs 50/- for the past
half year and a
monthly payment of
Rs 8/- henceforward.

As per para 46 of the
Articles of association,
loans under class I
are to be repaid by

equal annual instal-
-ments. This ruling
has been altered by
the Members of the
Chickmagalur Bank to
the effect that the
loans are to be
repaid within five
years but not by
equal instalments.
(2) This alteration has been
made on the ground
that the Coffee
Plantations yield good
crop only once in 3
years.

To prevent the Banks
under the above
ruling of the Re-
-gulation, from
making alterations
at

at their sweet will and pleasure, it appears necessary to insert a clause in the Memorandum of Association that none of the regulations contained in the articles of association can be altered without previous sanction of the Government

Deposits.

Under paras 37 and 38 of the articles of association, the Bank has power to receive deposits and pay interest at the rates fixed by the General Assembly.

This provision is being abused.

In some banks notably in Nanjanged Bank, small sums of four and eight annas are received as Deposits and interest paid at 4 percent to the depositors even for one or two days. As the interest paid in the Government Saving Bank is less than 4 percent and as it is paid here even if the amount is kept and withdrawn for a single day, small sums are deposited by the Members and others.

At

It seems desirable to restrict the minimum to be deposited in the Banks to Rupees 25/- and the payment of interest for a month and above and not for any broken period of less than a month. There should be no withdrawals for more than once in a month.

Interest.

Under para 52 of the articles of association the General Assembly has power to fix the time and the mode in which interest on loans has to be recovered. In some banks interest is recovered in the

case of loans on the hypothecation of landed property (under class I) in advance for 6 months whereas in others it is recovered in arrears at the end of six months. In the latter case, money for expenses is drawn from the capital. To avoid this and secure uniformity, it is necessary to insert a clause that interest be recovered in advance.

In the case of loans under other classes, the Banks recovers interest in advance

New Members

Para

Para 3 of the Articles of Association requires the unanimous consent of all the members present at a general meeting for the admission of New Members.

Many Members of the existing banks consider this to be a very hard rule inasmuchas the veto of a single member who may be mischeviously inclined excludes deserving persons from joining the Bank. The rule may be altered as follows:- That the consent of $\frac{3}{4}$ th of the

This alteration at the request of the Directors Vacancy to be filled

Members of the Bank
is necessary for the
admission of New
Members.

Inspector of
Agricultural Banks
in Mysore.

(3.)

2869

1897-98 47/5

From The Inspector of Agriculture & Banks in Mysore

To

The Secretary to Govt. of Mysore.
Revenue and General Depts

Dated 23/10/97

Despatched

Received

General No. 121

No.

Enclosure No.

In reply to

SUBJECT.

Requesting orders regarding the remuneration to the agents of Agricultural Banks

Under the rules the agents must necessarily be a member. No payment or remuneration to him in Municipalle. Draw the Dewan's attention to the Banks address of 1892 &

29-10-97

The Dewan's Dasara address put up.

30/10

[illegible]

Gl: Branch

Please put up a copy of the Dewan's Dasara address.

[illegible]

Not to be communicated

[illegible]

References (to be entered only in the Dewan's Office.)

Rw 2-6/10/97

Secretary

Submitted for orders.

27/10/97

28/10/97

1/11/97

Gazette copy put up.

3/11.

Draft submitted 3/11

Taken & filed

3/11/97

Office of the Inspector of
Agricultural Banks
in Mysore
Bangalore, dated 23rd October 1917

From

The Inspector of Agricultural
Banks in Mysore

To

The Secretary to the Government
of Mysore,
Revenue and General Departments
Bangalore:

Sir,

Under para 57 of the Articles
of Association prescribed for the
use of Agricultural Banks, no
member can receive any re-
muneration for the services
rendered by him in connection
with the Bank. In many of
the Banks already established
the profits are so small that
it is not possible for the member
to engage the services of a
separate

Secretaries Meetings to attend to the routine work of the Bank.

2. In para 5 of the Articles of Association, it is ruled that the Agent is responsible for the proper and correct keeping of the Bank accounts. Some of the Banks have passed resolutions in the General Assembly to remunerate the Agents. At the time of inspection as well as on noting payments to the Agents in the monthly accounts, the attention of the members was drawn to their a slip in violation of the Articles of Association. I beg, however, to point out that in the Banks established elsewhere on the same co-operative principles as ours, there is a paid Secretary (who may be

be a member or nonmember)
attached to each Bank to attend
to the keeping of accounts etc.
and to request that similar
Concession may be granted
in the case of our Banks.

I have the honor to be,
Sir,
Your most obedient servant.

Inspector of Agriculture
Govt. Banks in Mysore

(14) 8

To

The Inspector,

Agricultural Banks.

£3

No 4174 & 11-11-97

Fl: 414 "

His letter no 121 of the 23d October 1897, Regarding orders about the payment / remuneration to Agents of Agricultural Banks in Ingoul.

According to the above, I have the honor to state that under the rules on the subject, the Agent, must necessarily be a member, no payment of remuneration to him is permissible.

The Inspector's attention

is drawn by the Devan's

Dassara address of

1897.

(Sep order)

4l

3/11/97

CO.

4l

7-11-97

Secy

No

Read:-

Letter No. 7889 dt. 7th 1897 from the Inspector of Agricultural Banks submitting for orders a Memo on the Memorandum and Articles of Association of Agricultural Banks.

/

414

No. 6449-59/7615 dt. 17.1.98.

Order thereon:-

The suggestions made in the Memo above referred to and the observations of Government thereon are given below in juxta-position

Points raised in the Memo.

Observations made by Govt.

1. ~~Some of the Banks~~ Taking advantage of the provision contained in section 76 of the Companies Regulation of 1895, which empowers them by passing a special resolution in the General Assembly to alter all or any of the regulations contained in the Articles of Association, one of the Banks have been passing resolutions inconsistent with the Articles of Association. As examples of this, the following two ~~instances~~ cases

The proposed insertion of the new clause binding the Banks to make no alterations in the articles of Association ~~document~~ without the previous sanction of Govt., does not seem necessary, inasmuch as Govt. has lent money on the basis of the Articles as originally and submitted to it ~~Govt~~ has a

rig

Redraft in his own hand

(5)

Read:-

"Letter No 7808 dt 4th September 1897 from the Inspector of Agricultural Banks submitting ~~returns~~ for orders a Memo on the Memorandum and Articles of Association of Agricultural Banks.

dl 4

No 6449-59/7/615 dt 17.1.98.

Order thereon:-

The suggestions made in the Memo above referred to and the observations of Government thereon are given below in juxta-position.

Points raised in the Memo.

Observations made by Govt.

1. ~~Some of the Banks~~ Taking advantage of the provision contained in Section 76 of the Companies Regulation of 1895, which empowers them by passing a special resolution in the General Assembly to alter all or any of the regulations contained in the Articles of Association, some of the Banks have been passing resolutions inconsistent with the articles of Association. As examples of this, the following two ~~instances~~ cases

The proposed insertion of the a new clause binding the Banks to make no alterations in the articles of Association ~~document~~ without the previous sanction of Govt, does not seem necessary, inasmuch as Govt has lent money on the basis of the Articles as originally and submitted to it ~~Govt~~ has a right

brought to the

Govt:-

(a) The Members of the Agri-
cultural Bank at Hongunahalli
decided to remunerate the
Agent by a lump sum of Rs
50/- for the past half year
and a monthly payment
of Rs 8 hence forward, ~~as~~ the
~~against~~ proviso to para 57 of the
Articles of association under which
~~rules that~~ no member can
~~shall~~ receive any remu-
-neration for his services in
connection with the Bank.

(b) The Members of the Chick-
magalore Bank have decided
that loans under class I
are to be repaid within five
years but not by equal
instalments as laid down
in para 46 of the Articles
of Association.

To prevent the Banks from
making such changes at their
right to recall its money when
any such material alteration
as those brought to notice are
made without its previous
approval. The Banks in quest
should be called upon for a
explanation, on receipt of
which suitable orders will be
passed by Govt.

will and pleasure, a clause may be inserted in the Memorandum of Association that none of the regulations contained in the articles of Association can be altered without previous sanction of Govt.

2. Deposits — The provision contained in paras 37 and 38 of the Articles of association, authorizing the Banks to receive deposits and pay interest thereon at the rates fixed by the General Assembly, is being abused by some Banks, notably the Nanjangud Bank, where ~~sen~~ small sums of eight and four annas are received as Deposits and interest paid at 4 per cent to the depositors even for one or two days. As the interest paid by the Govt Savings Bank is less than 4 p.c. and as it is paid here even for

of Bks (Co-op)

X Govt - This may be omitted as the Bank at Nanjangud has been quoted in an instance.

Why, and where, are the provisions of paras 37 and 38 abused? Specific instances with suggestions for remedy should be reported.

The ~~Ins~~ Inspector of Agricultural Banks may command to the Banks the minimum amount of deposit being fixed at Rs 25/-, the interest being paid for ~~one month and above~~ a period not less than a month and withdrawals being made only once in a month.

No hard & fast rule allow receipt of deposits for shorter periods to be encouraged At the discretion of the Bank

y small sums

~~S~~ id by the Members and

The minimum amount

of deposit may be fixed at Rs 25/- and interest may be paid for a month and above and not for any period less than a month. Only one withdrawal ~~in a month~~ may be allowed in a month.

Dividends may be accumulated to all Banks for adoption as far as Nopeatt d

~~In~~

3. Interest. Under para 52 of the Articles of association, the General Assembly has power to fix the time and mode of payment of interest on loans. In some Banks interest on loans on the hypothecation of landed property (Under class I) is recovered in advance for 6 months, whereas in others it is recovered at the end of six months, in which case money for expenses

Change of rule in this matter is undesirable as the General Assembly should have full power. ~~Let~~ The Inspector ~~to~~ ~~have to the Banks.~~ may however explain to the Banks the ~~interest must be recovered~~ ~~by the~~ released in advance.

is

is drawn from the capital. To avoid this and to secure uniformity, it is necessary to insert a clause that interest be recovered in advance.

In the case of loans under ther classes, the Banks recover interest in advance.

New Members - Under para 3 of the Articles of Association, the admission of new Members depends upon the unanimous consent of the members present at a general meeting. This rule is considered to be very hard ~~and~~ inasmuch as the veto of a single member mischievously inclined excludes deserving persons from joining the Bank. The consent of $\frac{3}{4}$ of the Members of a Bank may be deemed sufficient for admitting new members.

The suggested change strikes at the very root of the system and cannot, therefore, be approved.

Pr. 1

4/1-98

Secretary

To 26/12/97 27/12/97

The Inspector of Agricultural Banks in Mysore.
The Dy Comrs of Districts.
The Comptr.
The Registrar of Joint Stock Companies in Mysore.